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CITIZENS SUMMARY

Findings in the audit of the City of Peculiar

Utility System Controls and Procedures

The city does not reconcile some utility system monthly reports and could not explain discrepancies. The city was unable to account for a \$1,093 difference in the beginning balance on the July 2011 summary billing register, compared to the ending balance from the previous month's report. In addition, the city could not explain why the total of all utility payments recorded and deposited in July 2011 was \$829 more than the total payments on the monthly payment/credit recap report. The city does not reconcile the list of utility deposits held by the city to the balance of the utility deposits accounts, and the city does not consistently transfer these funds to the Enterprise Fund's collection account when a deposit is applied to a final bill. The city does not conduct a review of the actual adjustments to the utility system after they are made, and the utility clerk who posts the adjustments also proposes the adjustments and collects utility payments. The city should separately account for water, sewer and trash transactions instead of accounting for them all in the Enterprise Fund, so it can ensure that utility receipts are used only to fund operations of the respective utility services and rates are appropriately set to cover all applicable costs. A disconnect report is generated by the utility computer system each month, but this report is not retained or reviewed. The board or an independent person should compare the computerized disconnect report to the list prepared for city workers to ensure all accounts are properly included.

Budgets and Financial Reporting

City budgets do not contain all elements required by state law. The city did not approve fourth quarter budget amendments until well after the end of the fiscal year, and it overspent the Road and Street Fund and West Growth Fund budgets during the 2 years ended September 30, 2011. The city is not properly tracking and recording various restricted monies. The city deposits state motor vehicle-related monies and law enforcement training monies into the General Fund and does not track them separately.

Payroll Controls and Procedures

The city has not established an ordinance to set the term of office for the City Clerk, as is required by state law. The city currently pays Aldermen \$200 per month and pays the Mayor \$400 per month, but the ordinance has not been updated since 1998 and still indicates that Aldermen are to be paid \$50 per month and the Mayor \$100 per month. The City Clerk received a 4 percent raise (\$1,415) in October 2011, but Section 79.270, RSMo, states that an officer's salary shall not change during his/her term.

Park Development and Funding

The city issued certificates of participation to purchase 66 acres of land approximately 10 years ago, but it has done no real work toward developing the land into a park, and the majority of the Park Fund revenue is spent on maintaining existing city parks. The city currently pays \$28,000 per year in interest on the debt, and principal payments will begin in 2019, initially at \$40,000 per year but increasing to \$80,000 per year. The city has no documented plan for how the Park Fund will be able to afford to maintain the existing parks, make required principal and interest payments on the debt, and fund the development of the future park.

Capital Assets	Capital asset records are not complete. Property is no longer tagged for specific identification, and annual physical inventories are not performed.
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In the areas audited, the overall performance of this entity was **Fair**.*

American Recovery and Reinvestment Act (Federal Stimulus)	The City of Peculiar did not receive any federal stimulus monies during the audited time period.
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*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.